

Statement of  
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U.S. Department of Transportation

Before the  
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Committee on Transportation and Infrastructure  
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Chairman Petri, Ranking Member DeFazio, and Members of the Subcommittee, it is my distinct pleasure today to represent Secretary Norman Y. Mineta to discuss with you the Department's efforts in the areas of freight and passenger intermodalism.

*The Vision of ISTEA*

In enacting the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA), Congress identified the need for a more coherent approach to address the needs of the Nation's diverse surface transportation systems. Congress further recognized that planning and investment in transportation infrastructure were tied to separate funding sources and processes, each having their own constituencies. ISTEA's call for a new, systemic perspective in transportation policy and program development provided States and localities with more flexibility to achieve broader surface transportation objectives.

ISTEA also created the Office of Intermodalism within the Office of the Secretary at the U.S. Department of Transportation (DOT), with the responsibility to "... coordinate Federal policy on intermodal transportation and initiate policies to promote efficient intermodal transportation in the United States." In the years following enactment of ISTEA, the Office of Intermodalism played an important role in advising the Secretary of Transportation and in coordinating intermodal policies throughout the Department.

The Office of Intermodalism's activities immediately following ISTEA were primarily focused on policy formulation, program implementation, and project development. The Department realized that the structure of the Office would be most effective if it reflected the full spectrum of intermodal elements and the organization of DOT itself, and hired staff with expertise in passenger and freight operations from each of the operating administrations (FHWA, FTA, FRA, MARAD, and the FAA).

*Intermodalism and TEA-21*

The National Highway System Designation Act of 1995 included a provision that addressed a core mission of the Office of Intermodalism and ultimately reshaped it.

The provision eliminated the requirement that State DOTs develop an intermodal management system called for in ISTEA and instead made the system optional. The Intermodal Transportation Management System was intended to be a process that improved transportation for people and goods by integrating development of transportation facilities and systems. While some of the more populated States with larger urbanized areas were able to develop this management system approach and still employ it to this day, making the intermodal management system optional made transportation planning less consistent and implied that a systemic, intermodal vision for transportation might not be that important after all.

Similarly, the mission of the Office of Intermodalism was directly affected by a provision of TEA-21 that directed the Secretary to conduct a review of the National Highway System (NHS) freight connectors that serve seaports, airports, and major intermodal terminals, and report to Congress by June 9, 2000. The study found that these intermodal connectors -- the critical "last mile" that links freight facilities to the larger transportation system -- had significantly lower physical and operational characteristics, and appeared to be underfunded when compared with all NHS mileage.

The Office of Intermodalism recognized that NHS freight connectors were "orphans" in the traditional State and MPO planning processes. The lack of supporters to champion connector and other freight oriented initiatives, combined with the lack of understanding in the role these connectors play in the economic health of local communities and regions, made successful intermodal freight development a challenging task.

Setbacks with ISTEA's management systems and a lukewarm reception to the NHS Connectors report caused the Office of Intermodalism to shift its attention to research studies and operational tests that could document the benefits of intermodal operations and planning activities to transportation and the economy. State DOTs, MPOs, and the Department itself had become more multi-modal in their thinking, but more needed to be done in research and education to make the case for intermodal applications of data and technology. The move away from the Office's original operational focus was also made necessary by budget cutbacks that reduced the number of staff available to provide adequate coverage of the activities taking place in each of the ten Federal regions.

#### *The Office of Intermodalism Immediately Following 9/11*

The Office of Intermodalism was working on several data collection working groups and pilot tests of technologies with security applications on September 11, 2001. Securing our Nation's domestic transportation system and the international cargo that flows across our borders became the highest priority of the Department and the Office of Intermodalism. Working collaboratively with DOT's operating administrations and other Federal agencies, research was undertaken to identify how available and emerging technologies could better safeguard our citizens, infrastructure, and the economy from terrorist incidents.

Section 215 of the Maritime Transportation Security Act of 2002 (Pub. L. 107-295) created a new position, Under Secretary of Transportation for Policy, within the Department -- the position I now hold -- and eliminated the Associate Deputy Secretary position. This statute was carried out by integrating the Office of Intermodalism into the Office of Transportation Policy (OST/P), with the Assistant Secretary for Transportation Policy providing direct oversight of this office. Under OST/P, the Office of Intermodalism assumed leadership role over broad cross-modal initiatives, particularly in the areas of freight and goods movement, security, and inter-Departmental coordination.

While in OST-P, the Office of Intermodalism's primary mission was to play a coordinating role, combining OST resources with those in the operating administrations, foreign/state/local governments, other Federal agencies, universities, and when appropriate, the private sector. In almost every case, this included the development and implementation of intermodal solutions to highly complex problems.

For example, in the policy area of proposed Federal rulemaking activities, the Office of Intermodalism worked to ensure that major freight and passenger transportation service providers could achieve significant cost savings through integration of intermodal operations that were not compromised by inconsistent or incompatible modal regulations. Following the publication of an Advance Notice of Proposed Rulemaking announcing the Department's intent to consider upgraded inspection and maintenance procedures for intermodal container chassis, the Office of Intermodalism led a multi-modal DOT task force that met with over 400 industry representatives to identify challenges and a common strategy to address intermodal truck operations. As the Federal Motor Carrier Safety Administration pursues a rulemaking on this issue, the Office of Intermodalism continues to provide input to the process along with OST/P, FHWA, FRA, and the Maritime Administration (MARAD).

In the operations area, the Office provided OST support for critical transportation projects both in the field and within DOT headquarters. To relieve congestion through enhanced intermodal investments and operations in the Ports of Los Angeles/Long Beach, the Office proposed the creation of a field-based "Gateway Office and Ombudsman," supported by a multi-agency "Intermodal Gateway Group" here in Washington. Also, multi-modal Departmental task forces led by the Office of Intermodalism were formed to provide OST support for the nationally significant Alaska Way project in Seattle and intermodal improvements at the Port of Anchorage.

#### *The Norman Y. Mineta Research and Special Programs Improvement Act*

With passage of the Norman Y. Mineta Research and Special Programs Improvement Act (Pub. L. 108-426), the Office of Intermodalism was transferred to the newly created Research and Innovative Technology Administration (RITA). The transfer took effect in February 2005.

The establishment of RITA is enabling the Department to coordinate and manage its research portfolio more effectively and expedite implementation of crosscutting

innovative technologies. The statute moved the Office of Intermodalism to RITA when it was established because the crosscutting perspective and research focus of the newest of our operating administrations was fundamentally consistent with the mission of RITA. Unlike the other modally-focused operating administrations within the Department, RITA is uniquely intermodal in its perspective. RITA acts in partnership with the operating administrations and OST in addressing transportation initiatives, and the Office of Intermodalism plays a key role in identifying and transportation research priorities.

It has been suggested that moving the Office of Intermodalism from the Office of the Secretary into RITA has somehow downplayed the importance of the Office, and of intermodalism, within the Department. This is simply not the case. While the concept of intermodalism has been “mainstreamed” among all of the operating units within the Department, reductions in discretionary RD&T funds have made a more targeted and coordinated RD&T program even more critical for advancing the intermodal transportation network. In many cases, the Office of Intermodalism has been given the lead on RD&T program development and OST and the DOT operating administrations play subordinate roles. Given some of the successes and challenges I mentioned, the Department felt it was critical to solidify the intermodal research function under RITA, so that it could produce the research, data, and analysis needed to underpin any subsequent freight policy initiatives.

For example, as part of the implementation of SAFETEA-LU, the Office of Intermodalism is leading the Department’s effort to develop a National Cooperative Freight Research Program (NCFRP). The NCFRP is an applied, contract research program with the objective of developing information that will be used to improve the efficiency, reliability, safety, and security of the Nation’s freight transportation system. The NCFRP will carry out applied research and other technical activities in a variety of freight system-related areas, including policy, planning, operations, economics, administration, environment, safety, and security. RITA and the Office of Intermodalism have executed a Memorandum of Agreement with the Transportation Research Board (TRB) of the National Academies to manage the NCFRP, and with input from our freight industry stakeholders, the results from this research program will help shape our freight-related transportation polices and investments for years to come.

In its current research and technology development efforts, the Office works with other Federal agencies that are developing programs with implications for transportation operations and/or information systems. For example, while in OST/P, the Office of Intermodalism represented the Department on the Board of Directors for the International Trade Data System (ITDS) program being developed by the U.S. Customs and Border Protection Agency. This responsibility transitioned with the Office when it moved from OST to RITA. The Office continues to work with DOT’s operating administrations to ensure the ITDS program meets both transportation and trade needs of the Nation.

When fully implemented, ITDS will be the electronic system of record for all international cargo movements and this information will be shared among the 79 Federal entities with responsibilities for clearing or recording these movements. The ITDS

program will enable the Department to better monitor the performance and use of our Nation's international gateways and domestic transportation network, and will be critical for assessing and responding to congestion, security breaches, and natural disasters.

The Office of Intermodalism is also working to identify solutions to the security challenges facing our transportation system, and serves as a principal advisor on intermodal transportation security research and development. Under RITA, the Office of Intermodalism is working closely with the White House Office of Science and Technology Policy, the Department of Homeland Security, and other agencies to develop and implement the National Critical Infrastructure Protection Research & Development Plan, as well as the R&D Chapter of the Transportation Sector Specific Plan and the National Strategy for Transportation Security. The Office of Intermodalism will continue to focus on coordinating research and development efforts in order to identify, develop and deploy technologies that address both safety and security concerns and enhance passenger and freight mobility.

*Intermodalism Under the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)*

While the Office of Intermodalism is an important part of the Department's intermodal progress, it is just one piece of an overall effort to shift our thinking and approach to the country's surface transportation systems. In the area of freight transportation, it is increasingly clear that shippers are indifferent to how a product is delivered through the supply chain so long as reliability and speed can be assured. A broad deployment of information technologies in the trucking, rail and aviation sectors following deregulation has allowed the country's intermodal freight system to become the envy of the world. Several economists have cited the efficiency of this system in research conducted to explain the declining volatility of the U.S. economy.

Recognizing that growing public infrastructure failures represent a threat to this system, the Administration made intermodal freight transportation one of the centerpieces of our proposal to reauthorize the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21). Specifically, we focused on financial and planning obstacles to intermodal project development. Among other things, we proposed to expand the eligibility of Federal credit programs to specifically target these projects. We proposed an amendment to the Internal Revenue Code to allow rapidly proliferating inland rail-truck transfer facilities to benefit from the same tax exempt treatment that applies to similar facilities constructed at seaports and airports. We proposed to target two percent of National Highway System program funds, one of the largest funding sources administered by DOT, toward the "last-mile" highways that connect the National Highway System to important freight hubs. We proposed the creation of a freight transportation coordinator in every State to ensure that freight transportation needs are given adequate consideration in the transportation planning process.

On the passenger front, we proposed a deviation from a clear policy of discouraging the creation of new programs in only one area: intermodal passenger facilities. We asked

Congress to dedicate \$85 million a year in funding for these facilities. Equally important, we continue to press for increased State and local flexibility in funding decisions. This flexibility has been critical to expanding intermodal passenger options.

While not all of the Department's legislative proposals were accepted, SAFETEA-LU did include programs that will provide substantial benefits to intermodal freight transportation. For example, SAFETEA-LU made important changes to the Transportation Infrastructure Finance and Innovation Act (TIFIA) when it lowered the project threshold to \$50 million and made more intermodal surface freight facilities eligible. SAFETEA-LU also amended the Internal Revenue Code by creating \$15 billion in tax-exempt private activity bond authority for qualified highway and surface freight transfer facilities. These two additional tools encourage more innovative financing solutions to freight challenges. As part of its work on the National Surface Transportation Policy and Revenue Study Commission, the Secretary, as Chair of the Commission, will call on the Department's freight modeling and analysis capabilities in support of the Commission's work.

The CREATE project in Chicago is another example of the Department's efforts to advance intermodal passenger and rail projects under SAFETEA-LU. CREATE is a proposed \$1.5 billion public/private partnership, including the City of Chicago DOT, the State of Illinois DOT and the American Association of Railroads (AAR) representing six freight railroads and Chicago's commuter railroad, Metra. The program would create four streamlined freight rail corridors and a commuter rail corridor in the Chicago area. CREATE received \$100M in funding from the Projects of National and Regional Significance program in SAFETEA-LU.

To support the CREATE projects, the Department has established a multimodal team including the Office of the Secretary (OST), the Federal Highway Administration (FHWA), the Federal Transit Administration (FTA), and the Federal Railroad Administration (FRA) to work closely with the CREATE partners and serve on its major committees, including its stakeholder and management committees. The Department has a designated point of contact in Washington, DC to coordinate and oversee all CREATE-related activities, and FHWA has established a position in its Illinois Division Office to work on a daily basis with the city, the State, and the railroads.

In addition to the important changes made by SAFETEA-LU, the Department has undertaken a significant initiative to work with other governmental agencies and the private sector to improve the performance of the national freight system that includes intermodal cargo movements. These efforts have coalesced into a National Freight Policy Framework. The Framework began with the proposition that the Federal Government is but one of many players involved in the U.S. freight transportation system. Effective policy solutions will require coordinated and collaborative action by both public and private parties. The Framework lays out objectives to achieve a vision, and then details strategies and tactics that the Department and its partners – both public and private sector – can pursue to achieve those objectives. We have begun the process

of soliciting such input from all parties, and DOT looks forward to working with its partners to continue development of the framework over the coming months and years.

*Closing Statement*

The Department is working aggressively to develop RITA's technical and analytical capability to embark on intermodal research and to work with OST and the operating administrations to coordinate Departmentwide intermodal activities. We are also working with the State DOTs, MPOs, and the private sector to advance the programs and projects called for in SAFETEA-LU..

Thank you for the opportunity to speak today on the topic of intermodalism, and I will be happy to answer any questions that you may have.